

Loss Control

Achieving Return on Investment

Loss Control Program

- Organized effort
- Continuous improvement
- Risk management
- Viewed in financial terms



Debtor Organization



- Costs do not add value to an organization (Corcoran)
- Costs will continue to rise

Safety Loss Costs (LaBelle)

Direct

- Workers' Comp
- Medical
- Ambulance
- Drug testing
- Job accommodations
- New equipment

Indirect

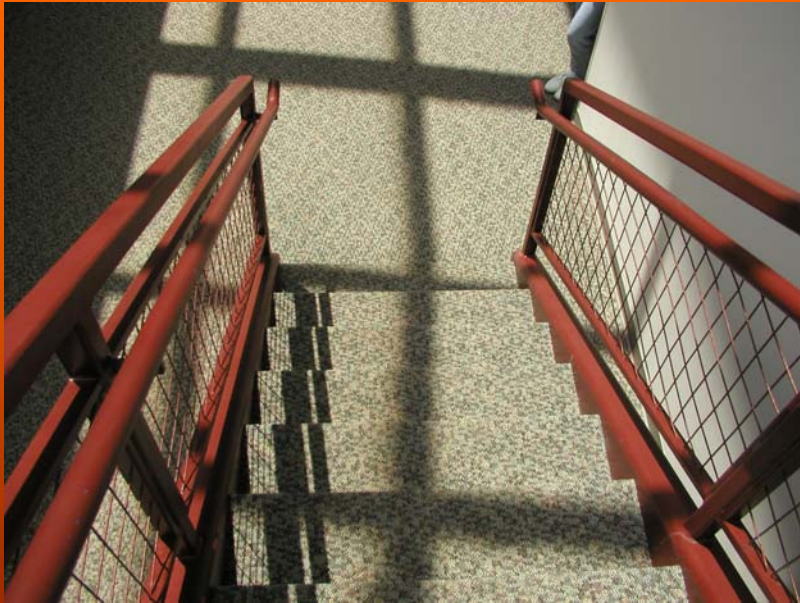
- Return to work
- Incident review
- Lost productivity
- Human resources
- Cost to hire
- Process delays
- Training

Investing in Safety

- “Investment is a sound business strategy” (ASSE)
- Effective loss control improves workers’ compensation performance (Nave and Veltri).



Positive Effects



- Productivity
- Morale
- Company reputation
- Quality
- Bidding

Reactionary Model

- Business expense
- No control over trends
- Outcome-based rewards
- Compliance-based implementation



Preventative Model

- Broad organizational participation
- Proactively eliminate hazards and exposures
- Understand and control future costs
- Performance and accountability based reward system
- Best practice risk-based implementation

Investment Strategies

Short term returns and
higher maintenance
costs

- Training
- Administrative
- PPE

Long term returns and
reducing maintenance
costs

- Engineering controls
- Culture
- Education
- Hiring
- Process improvement

Investment Models (Hansen)



- Program
- Compliance
- Technical
- Culture
- Organization
- Performance leadership
- Behavioral

Voluntary Protection Program

1. Experience
2. Bargaining agent
3. Hazard control
4. Involvement
5. Documentation
6. Training
7. Worksite analysis



Measuring RoI (Jervis & Collins)

1. Hazard prevention and control
2. Management leadership and employee involvement
3. Concurrence of bargaining agent
4. Worksite analysis
5. Review of documentation
6. Safety and health training

Management Motivators (ASSE)

1. WC costs
2. “Right thing to do”
3. “Increases profitability”
4. Federal/state safety rules
5. “Too many accidents”
6. Employee morale
7. Productivity
8. OSHA fines
9. Recommendations of outside experts
10. Employee concerns

What RoI Should I Expect?



- Incident history
- Current costs
- Amount invested
- Support provided
- Prioritization

Direction

- Do your homework
- Management support
- Build safety culture
- Organization
- Communicate
- Hazard control
- Assurance



Final Thoughts



- Don't leave your, your employees', and your organization's futures to chance.
- Implement and manage an effective loss control program.

Questions



Resources

- ASSE white paper, The return on investment for safety, health, and environmental (SH&E) management programs, 8 June 2002.
- Corcoran, Carol. (2002). New Factors for Safer Workplaces, Occupational Health and Safety, 71:7, 58-62.
- Hansen, Larry L., (2000) The Architecture of Safety Excellence, Professional Safety 45:5, 26-29.
- Jervis, Susan and Terry R. Collins, (2001), Professional Safety 46:9, 18-23.

Resources

- Nave, Michael E. and Anthony Veltri, (2004). Effect of loss control service on reported injury incidence, 2004, Journal of Safety Science, 35:39-46.
- Pierce, F. David. (2005). Personality Types & Injuries, Professional Safety, 50:3, 42-50.
- Rhodes, D.P. and Laura H. Rhodes. (2002). Best Hiring Practices, Professional Safety, 47:10, 46-52.
- Rourke, Aaron. 2002. The Truth About Comp Costs, Occupational Health and Safety, 71:7, 64-68.